

Senate Bill No. 1192

Passed the Senate August 29, 2016

Secretary of the Senate

Passed the Assembly August 23, 2016

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 325 of the Business and Professions Code, and to amend Sections 94809, 94874, 94874.2, 94874.5, 94874.7, 94874.8, 94878, 94880, 94885, 94885.1, 94885.5, 94889, 94905, 94909, 94923, 94930.5, 94932, 94936, 94937, 94944, 94948, and 94950 of, to add Sections 94801.5, 94850.5, and 94934.5 to, to add and repeal Article 20.6 (commencing with Section 94949.7) of Chapter 8 of Part 59 of Division 10 of Title 3 of, and to repeal Section 94879 of, the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1192, Hill. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met.

This bill would recast and revise various provisions of the act. The bill would increase the amount of a fine that may be issued to a person for operating an institution without proper approval to operate from \$50,000 to \$100,000. The bill would require an out-of-state private postsecondary educational institution, as defined, to comply with specified requirements, including providing the bureau evidence of the institution's accreditation. The bill would authorize the bureau to adopt, by regulation, a process that allows an institution with approval to operate to request and receive inactive status. The bill would require an institution with approval to operate that knows that it is being investigated, is the subject of a judgment, a regulatory action, or increased oversight or monitoring by, or is the subject of a settlement with, an oversight entity other than the bureau to report it to the bureau,

as specified. The bill would adjust annual fees charged to an institution with approval to operate, as specified.

This bill would establish an Office of Student Assistance and Relief to advance and promote the rights of private postsecondary educational institution students, as specified. The bill would require the office to report quarterly by posting on the bureau's Internet Web site, through September 1, 2018, specified information related to assistance it provides to these students. The bill would require the office to submit a report to the Legislature, the department, and the bureau summarizing that information by January 1, 2019.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would make a California student of a Corinthian Colleges, Inc., institution, who meets all of the other eligibility requirements, eligible for recovery from the fund. To the extent that the bill expands the purposes of the fund, the bill would make an appropriation.

Existing law repeals the act on January 1, 2017.

This bill would instead repeal the act on January 1, 2021, thus extending the operation of the act by 4 years. By extending operation of the Student Tuition Recovery Fund, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 325 of the Business and Professions Code is amended to read:

325. It shall be the duty of the director to receive complaints from consumers concerning (a) unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in the conduct of any trade or commerce; (b) the production, distribution, sale, and lease of any goods and services undertaken by any person which may endanger the public health, safety, or welfare; (c) violations of provisions of this code relating to businesses and professions licensed by any agency of the department, and regulations promulgated pursuant thereto; (d) student concerns related to the Bureau for Private Postsecondary Education's performance of its responsibilities, including concerns that arise related to the Bureau for Private Postsecondary Education's handling of a complaint or its administration of the Student Tuition Recovery Fund, established in Article 14 (commencing with Section 94923) of Chapter 8 of Part 59 of Division 10 of Title 3 of the Education Code; and (e) other matters consistent with the purposes of this chapter, whenever appropriate.

SEC. 2. Section 94801.5 is added to the Education Code, to read:

94801.5. (a) Effective July 1, 2017, an out-of-state private postsecondary educational institution shall register with the bureau, pay a fee pursuant to Section 94930.5, and comply with all of the following:

(1) The institution shall provide the bureau with all of the following information:

(A) Evidence of accreditation.

(B) Evidence that the institution is approved to operate in the state where the institution maintains its main administrative location.

(C) The agent for service of process consistent with Section 94943.5.

(D) A copy of the institution's catalog and sample enrollment agreement.

(2) The institution shall comply with the requirements of the Student Tuition Recovery Fund, established in Article 14

(commencing with Section 94923), and regulations adopted by the bureau related to the fund, for its students residing in California.

(3) The institution shall provide disclosures pursuant to the requirements for the Student Tuition Recovery Fund, established in Article 14 (commencing with Section 94923), and regulations adopted by the bureau related to the fund, for its students residing in California.

(b) This section does not apply to nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations and are accredited by an agency recognized by the United States Department of Education.

(c) An institution described in subdivision (a) that fails to comply with this section is not authorized to operate in this state.

(d) A registration with the bureau pursuant to this section shall be valid for two years.

(e) The bureau shall develop, through emergency regulations, a registration form. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code. These emergency regulations shall become law through the regular rulemaking process by January 1, 2018.

SEC. 3. Section 94809 of the Education Code is amended to read:

94809. (a) An institution that had an application for an approval to operate pending with the former Bureau for Private Postsecondary and Vocational Education on June 30, 2007, may continue to operate until a decision is made in regard to the institution regarding the application for approval to operate, but shall comply with, and is subject to, this chapter.

(b) An institution that did not have a valid approval to operate issued by, and did not have an application for approval to operate pending with, the former Bureau for Private Postsecondary and Vocational Education on June 30, 2007, that began operations between July 1, 2007, and January 1, 2010, and filed an application to operate by August 2, 2010, may continue to operate unless a denial of approval to operate has been issued and has become final, but shall comply with, and is subject to, this chapter.

(c) Students seeking to enroll in institutions operating under subdivisions (a) and (b) shall be notified by the institution, in writing and prior to executing an enrollment agreement, that the institution's application for approval to operate has not been reviewed by the bureau.

(d) (1) An institution that is denied an approval to operate pursuant to subdivision (a) or (b) may file an appeal pursuant to the procedures established in Section 94888.

(2) An institution that has filed an appeal pursuant to paragraph (1) may continue to operate during the appeal process but must disclose in a written statement approved by the bureau, to all current and prospective students, that the institution's application for approval to operate was denied by the bureau because the bureau determined the application did not satisfy the requirements to operate in California, that the institution is appealing the bureau's decision, and that the loss of the appeal may result in the institution's closure.

(3) If the bureau determines that the continued operation of an institution poses a significant risk of harm to students, the bureau shall make an emergency decision pursuant to Section 94938.

SEC. 4. Section 94850.5 is added to the Education Code, to read:

94850.5. "Out-of-state private postsecondary educational institution" means a private entity without a physical presence in this state that offers distance education to California students for an institutional charge, regardless of whether the institution has affiliated institutions or institutional locations in California.

SEC. 5. Section 94874 of the Education Code is amended to read:

94874. Except as provided in Sections 94874.2 and 94874.7, the following are exempt from this chapter:

(a) An institution that offers solely avocational or recreational educational programs.

(b) (1) An institution offering educational programs sponsored by a bona fide trade, business, professional, or fraternal organization, solely for that organization's membership.

(2) (A) Except as provided in subparagraph (B), a bona fide organization, association, or council that offers preapprenticeship training programs, on behalf of one or more Division of Apprenticeship Standards-approved labor-management

apprenticeship programs that satisfies one of the following conditions:

(i) It is not on the Eligible Training Provider List established and maintained by the California Workforce Investment Board but has met the requirements for placement on the list.

(ii) It is on the Eligible Training Provider List established and maintained by the California Workforce Investment Board and meets the requirements for continued listing.

(B) If an organization, association, or council has been removed from the Eligible Training Provider List established and maintained by the California Workforce Investment Board for failure to meet performance standards, it is not exempt until it meets all applicable performance standards.

(c) A postsecondary educational institution established, operated, and governed by the federal government or by this state or its political subdivisions.

(d) An institution offering either of the following:

(1) Test preparation for examinations required for admission to a postsecondary educational institution.

(2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:

(A) A government agency, other than the bureau, that licenses persons in a particular profession, occupation, trade, or career field.

(B) A state-recognized professional licensing body, such as the State Bar of California, that licenses persons in a particular profession, occupation, trade, or career field.

(C) A bona fide trade, business, or professional organization.

(e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:

(A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of Business and Professions Code.

(B) The diploma or degree is limited to evidence of completion of that education.

(2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.

(3) An institution operating under this subdivision shall not award degrees in any area of physical science.

(4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.

(5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."

(f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The bureau may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its Internet Web site, as the bureau determines, through the promulgation of regulations, that the adjustment is consistent with the intent of this chapter.

(g) A law school that is accredited by the Council of the Section of Legal Education and Admissions to the Bar of the American Bar Association or a law school or law study program that is subject to the approval, regulation, and oversight of the Committee of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the Business and Professions Code.

(h) A nonprofit public benefit corporation that satisfies all of the following criteria:

(1) Is qualified under Section 501(c)(3) of the United States Internal Revenue Code.

(2) Is organized specifically to provide workforce development or rehabilitation services.

(3) Is accredited by an accrediting organization for workforce development or rehabilitation services recognized by the Department of Rehabilitation.

(i) An institution that is accredited by the Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, or the Accrediting

Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

(j) Flight instruction providers or programs that provide flight instruction pursuant to Federal Aviation Administration regulations and meet both of the following criteria:

(1) The flight instruction provider or program does not require students to enter into written or oral contracts of indebtedness.

(2) The flight instruction provider or program does not require or accept prepayment of instruction-related costs in excess of two thousand five hundred dollars (\$2,500).

SEC. 6. Section 94874.2 of the Education Code is amended to read:

94874.2. Beginning January 1, 2016, an institution that is approved to participate in veterans' financial aid programs pursuant to Section 21.4253 of Title 38 of the Code of Federal Regulations that is not an independent institution of higher education, as defined in subdivision (b) of Section 66010, shall not be exempt from this chapter.

SEC. 7. Section 94874.5 of the Education Code is amended to read:

94874.5. An institution that is otherwise exempt from this chapter shall comply with the requirements of Section 94927.5.

SEC. 8. Section 94874.7 of the Education Code is amended to read:

94874.7. The bureau shall establish, by regulation, a process pursuant to which an institution that is exempt from this chapter may request, and obtain, from the bureau verification that the institution is exempt. The verification shall be valid for a period of up to two years, as long as the institution maintains full compliance with the requirements of the exemption. The bureau shall establish a reasonable fee to reimburse the bureau's costs associated with the implementation of this section.

SEC. 9. Section 94874.8 of the Education Code is amended to read:

94874.8. (a) An institution exempt from all or part of this chapter pursuant to subdivision (i) of Section 94874 or Section 94874.1 may apply to the bureau for an approval to operate pursuant to this section, but only subject to all of the following provisions:

(1) The bureau may approve the operation of an institution that is exempt from all or part of this chapter as specified above in accordance with the authority granted pursuant to Article 6 (commencing with Section 94885). Upon issuing an approval to operate to an institution pursuant to this section, the bureau is authorized to regulate that institution through the full set of powers granted, and duties imposed, by this chapter, as those powers and duties would apply to an institution that is not exempt from this chapter.

(2) Notwithstanding any other law, upon issuance of an approval to operate pursuant to this section, the institution is no longer eligible for exemption, from the provisions of this chapter pursuant to subdivision (i) of Section 94874 or Section 94874.1, unless authorized by subsequent legislation.

(3) Upon issuance of an approval to operate pursuant to this section, an institution is subject to all provisions of this chapter, and any regulations adopted pursuant to this chapter, that apply to an institution subject to this chapter, except as expressly provided in paragraph (4).

(4) (A) With respect to the placement and salary or wage data required to be collected, calculated, and reported by Article 16 (commencing with Section 94928), an institution issued an approval to operate pursuant to this section is not required to report on its first School Performance Fact Sheet any data from the period prior to the date of the issuance of the approval to operate that the institution was not required to collect and does not have available to it. An institution shall, however, report available data collected and calculated in accordance with this chapter and applicable regulations, regardless of the purpose for which the data was collected. If the required data is unavailable, the institution shall also disclose the unavailability of the data on all documents required by this chapter and regulations adopted pursuant to this chapter. Upon receiving an approval to operate pursuant to this section, an institution shall commence to collect and calculate all information necessary to comply with Article 16 (commencing with Section 94928).

(B) An institution receiving an approval to operate pursuant to this section shall provide to prospective students the School Performance Fact Sheet, file that fact sheet with the bureau, and post it on the institution's Internet Web site no later than the first

August 1 after the institution is approved to operate and no later than August 1 of each year thereafter. These School Performance Fact Sheets shall report data for the previous two calendar years based upon the number of students who began the program or the number of graduates for each reported calendar year. If two calendar years have not passed since the issuance of the approval to operate by the August 1 deadline for the School Performance Fact Sheet, unless data for two years is available, the institution shall report the required data for the period subsequent to the date of the issuance of the notice of approval.

(b) An institution exempt from all or part of this chapter pursuant to subdivision (i) of Section 94874 or Section 94874.1 that was approved to operate by the bureau before the effective date of this section shall be deemed to have been approved pursuant to this section.

SEC. 10. Section 94878 of the Education Code is amended to read:

94878. (a) The bureau shall establish an Internet Web site that includes at least all of the following information:

(1) An explanation of the bureau's scope of authority.

(2) (A) A directory of approved institutions, and a link, if feasible, to the Internet Web site of each institution.

(B) For each institution, the directory shall be developed in a manner that allows the user to search by institution and shall include all of the following information:

(i) The status of the institution's approval to operate.

(ii) The information provided by the institutions, including, but not limited to, the annual report, as required by Section 94934, including the school catalog and the School Performance Fact Sheet. The School Performance Fact Sheet shall be maintained on the directory for at least five years after the date of its submission to the bureau.

(iii) If a law school satisfies the requirements of this chapter regarding a School Performance Fact Sheet by complying with the requirements of Section 94910.5, the bureau shall include the information provided by the institution pursuant to Section 94910.5 on its Internet Web site and shall maintain the information in the same manner as required by clause (ii).

(iv) The disciplinary history of the institution, which shall include, but shall not be limited to, all of the following:

(I) Pending formal accusations filed by the bureau.

(II) Suspensions, revocations, citations, fines, infractions, probations, pending litigation filed by the bureau, and final judgments resulting from litigation filed by the bureau.

(III) Pending or final civil or criminal cases filed by the Attorney General, a city attorney, or a district attorney in this state, or filed in any state by an attorney general or a federal regulatory or prosecutorial agency of which the bureau has received notice.

(IV) Final administrative actions by the United States Department of Education, including orders requiring restitution to students.

(V) All disciplinary actions ordered by an accreditation agency, including any order to show cause, of which the bureau has received notice pursuant to Section 94934 or other information otherwise publicly available of which the bureau has received notice.

(b) The bureau shall maintain the Internet Web site described in subdivision (a). The bureau shall ensure that the information specified in subdivision (a) is kept current. The bureau shall update the Internet Web site at least annually, to coincide with the submission of annual reports by the institutions pursuant to Section 94934.

(c) (1) The bureau shall post on its Internet Web site a list of all institutions that were denied approval to operate, after the denial is final, and describe in clear and conspicuous language the reason the institution was denied approval. The bureau shall include with this list the statement provided in paragraph (2) on its Internet Web site.

(2) “The following institutions were denied approval to operate by the Bureau for Private Postsecondary Education for failing to satisfy the standards relating to educational quality, or consumer protection, or both. These unlicensed institutions are not operating in compliance with the law, and students are strongly discouraged from attending these institutions.”

SEC. 11. Section 94879 of the Education Code is repealed.

SEC. 12. Section 94880 of the Education Code is amended to read:

94880. (a) There is within the bureau a 12-member advisory committee. The members of the committee shall be appointed as follows:

(1) Three members, who shall have a demonstrated record of advocacy on behalf of consumers, of which the director, the Senate Committee on Rules, and the Speaker of the Assembly shall each appoint one member.

(2) Two members, who shall be current or past students of institutions, appointed by the director.

(3) Three members, who shall be representatives of institutions, appointed by the director.

(4) One public member appointed by the Senate Committee on Rules.

(5) One public member appointed by the Speaker of the Assembly.

(6) Two nonvoting, ex officio members as follows:

(A) The chair of a policy committee of the Assembly with jurisdiction over legislation relating to the bureau appointed by the Speaker of the Assembly. The chair may designate a representative for any meeting or meetings he or she is unable to attend.

(B) The chair of a policy committee of the Senate with jurisdiction over legislation relating to the bureau appointed by the Senate Committee on Rules. The chair may designate a representative for any meeting or meetings he or she is unable to attend.

(b) (1) A member appointed pursuant to paragraph (2), (4), or (5) of subdivision (a) shall not, either at the time of his or her appointment or during his or her tenure in office, have any financial interest in any organization currently or previously subject to regulation by the bureau, be a close family member of an employee, officer, or the director of any institution subject to regulation by the bureau, or currently have, or previously have had, a business relationship, in the five years preceding his or her appointment, with any institution subject to regulation by the bureau.

(2) A member appointed pursuant to paragraph (2), (4), or (5) of subdivision (a) shall not, within the five years immediately preceding his or her appointment, have engaged in pursuits on behalf of an institution or institutional accreditor or have provided representation to the postsecondary educational industry or a profession regulated by the bureau, if he or she is employed in the industry or a member of the profession, respectively, and he or

she shall not engage in those pursuits or provide that representation during his or her term of office.

(c) The advisory committee shall examine the oversight functions and operational policies of the bureau and advise the bureau with respect to matters relating to private postsecondary education and the administration of this chapter, including annually reviewing the fee schedule and the equity of the schedule relative to the way institutions are structured, and the licensing and enforcement provisions of this chapter. The advisory committee shall make recommendations with respect to policies, practices, and regulations relating to private postsecondary education, and shall provide any assistance as may be requested by the bureau.

(d) The bureau shall actively seek input from, and consult with, the advisory committee regarding the development of regulations to implement this chapter prior to the adoption, amendment, or repeal of its regulations, and provide the advisory committee with sufficient time to review and comment on those regulations. The bureau shall take into consideration and respond to all feedback provided by members of the advisory committee.

(e) The bureau chief shall attend all advisory committee meetings and shall designate staff to provide ongoing administrative support to the advisory committee.

(f) Until January 1, 2017, the director shall personally attend, and testify and answer questions at, each meeting of the advisory committee.

(g) The Chief of the Office of Student Assistance and Relief established in Article 20.6 (commencing with Section 94949.7) shall attend, and testify and answer questions at, each meeting of the advisory committee.

(h) The advisory committee shall have the same access to records within the Department of Consumer Affairs related to the operation and administration of this chapter as do members of constituent boards of the department in regard to records related to their functions.

(i) Advisory committee meetings shall be subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). Advisory committee meeting materials shall be posted on the Internet. A majority of the appointed

members of the committee shall constitute a quorum for the committee's meetings.

(j) The advisory committee shall meet at least quarterly and shall appoint a member of the committee to represent the committee for purposes of communicating with the Legislature.

(k) The Department of Consumer Affairs shall review, and revise if necessary, the department's conflicts of interest regulations to ensure that each advisory committee member is required to disclose conflicts of interest to the public.

SEC. 13. Section 94885 of the Education Code is amended to read:

94885. (a) The bureau shall adopt by regulation minimum operating standards for an institution that shall reasonably ensure that all of the following occur:

(1) The content of each educational program can achieve its stated objective.

(2) The institution maintains specific written standards for student admissions for each educational program and those standards are related to the particular educational program.

(3) The facilities, instructional equipment, and materials are sufficient to enable students to achieve the educational program's goals.

(4) The institution maintains a withdrawal policy and provides refunds.

(5) The directors, administrators, and faculty are properly qualified.

(6) The institution is financially sound and capable of fulfilling its commitments to students.

(7) That, upon satisfactory completion of an educational program, the institution gives students a document signifying the degree or diploma awarded.

(8) Adequate records and standard transcripts are maintained and are available to students.

(9) The institution is maintained and operated in compliance with this chapter and all other applicable ordinances and laws.

(b) Except as provided in Section 94885.1, an institution offering a degree must satisfy one of the following requirements:

(1) Accreditation by an accrediting agency recognized by the United States Department of Education, with the scope of that

accreditation covering the offering of at least one degree program by the institution.

(2) An accreditation plan, approved by the bureau, for the institution to become fully accredited within five years of the bureau's issuance of a provisional approval to operate to the institution. The provisional approval to operate to an unaccredited degree-offering institution shall be in compliance with Section 94885.5.

SEC. 14. Section 94885.1 of the Education Code is amended to read:

94885.1. (a) An institution that is not accredited by an accrediting agency recognized by the United States Department of Education and offering at least one degree program, and that has obtained an approval to operate from the bureau on or before January 1, 2015, shall be required to satisfy at least one of the following no later than July 1, 2015:

(1) Accreditation by an accrediting agency recognized by the United States Department of Education, with the scope of that accreditation covering the offering of at least one degree program by the institution.

(2) Compliance with subdivision (b).

(b) The bureau shall identify institutions that are subject to subdivision (a) and notify those institutions by February 1, 2015, of the accreditation requirements pursuant to this section and that the institution is required to provide the following information to the bureau if the institution plans to continue to offer a degree program after July 1, 2015:

(1) An accreditation plan that, at a minimum, identifies an accrediting agency recognized by the United States Department of Education from which the institution will seek accreditation, with the scope of that accreditation covering the offering of at least one degree program, and outlines the process by which the institution will achieve accreditation candidacy or pre-accreditation by July 1, 2017, and full accreditation by July 1, 2020.

(2) Evidence of having achieved accreditation candidacy or pre-accreditation by July 1, 2017.

(3) Evidence of having obtained full accreditation by July 1, 2020.

(4) Any additional documentation the bureau deems necessary.

(c) An institution that satisfies the requirements of subdivision (b) shall comply with all of the following:

(1) Notify students seeking to enroll in the institution, in writing, prior to the execution of the student's enrollment agreement, that the institution's approval to offer a degree program is contingent upon the institution being subsequently accredited.

(2) A visiting committee, empaneled by the bureau pursuant to Section 94882, shall review the institution by January 1, 2017, and determine if the institution is likely to achieve full accreditation by July 1, 2020. If the visiting committee finds the institution deficient in its accreditation plan, the bureau may prohibit the institution from enrolling new students in its degree program or programs, and require the execution of a teach-out plan for its enrolled students.

(d) (1) The bureau shall, upon the timely submission of sufficient evidence that an unaccredited institution is making strong progress toward obtaining accreditation, grant an institution's request for an extension of time, not to exceed two years, to meet the requirements of this section.

(2) Evidence submitted to the bureau pursuant to paragraph (1) shall include, but is not limited to, an amended accreditation plan adequately identifying why pre-accreditation, accreditation candidacy, or accreditation outlined in the original plan submitted to the bureau was not achieved, active steps the institution is taking to comply with this section, and documentation from an accrediting agency demonstrating the institution's likely ability to meet the requirements of this section.

(3) The bureau may establish policies and procedures to comply with the requirements in this subdivision. Establishment of these policies and procedures are exempt from Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) Any institution that fails to comply with the requirements of this section by the dates provided, as required, shall have its approval to operate automatically suspended on the applicable date. The bureau shall issue an order suspending the institution and that suspension shall not be lifted until the institution complies with the requirements of this section. A suspended institution shall

not enroll new students in any of its degree programs, and shall execute a teach-out plan for its enrolled students.

(f) The bureau shall adopt emergency regulations for purposes of implementing this section. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code. These emergency regulations shall become law through the regular rulemaking process within one year of the enactment of this section.

(g) This section shall remain in effect until January 1, 2023, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2023, deletes or extends that date.

SEC. 15. Section 94885.5 of the Education Code is amended to read:

94885.5. (a) If an institution that has not been accredited by an accrediting agency recognized by the United States Department of Education seeks to offer one or more degree programs, the institution shall satisfy the following requirements in order to be issued a provisional approval to operate from the bureau:

(1) The institution may not offer more than two degree programs during the term of its provisional approval to operate.

(2) The institution shall submit an accreditation plan, approved by the bureau, for the institution to become fully accredited within five years of issuance of its provisional approval to operate. The plan shall include, at a minimum, identification of an accreditation agency recognized by the United States Department of Education, from which the institution plans to seek accreditation, and outline the process by which the institution will achieve accreditation candidacy or pre-accreditation within two years, and full accreditation within five years, of issuance of its provisional approval.

(3) The institution shall submit to the bureau all additional documentation the bureau deems necessary to determine if the institution will become fully accredited within five years of issuance of its provisional approval to operate.

(b) If an institution is granted a provisional approval to operate pursuant to subdivision (a), the following is required:

(1) Students seeking to enroll in that institution shall be notified in writing by the institution, prior to the execution of the student's

enrollment agreement, that the institution's approval to operate is contingent upon it being subsequently accredited.

(2) Within the first two years of issuance of the provisional approval, a visiting committee, empaneled by the bureau pursuant to Section 94882, shall review the institution's application for approval and its accreditation plan, and make a recommendation to the bureau regarding the institution's progress to achieving full accreditation.

(3) The institution shall provide evidence of accreditation candidacy or pre-accreditation within two years of issuance of its provisional approval, and evidence of accreditation within five years of issuance of its provisional approval, with the scope of that accreditation covering the offering of at least one degree program.

(c) An institution required to comply with this section that fails to do so by the dates provided, as required, shall have its provisional approval to operate automatically suspended on the applicable date. The bureau shall issue an order suspending the institution and that suspension shall not be lifted until the institution complies with the requirements of this section. A suspended institution shall not enroll new students in any of its degree programs and shall execute a teach-out plan for its enrolled students.

(d) (1) The bureau shall, upon the timely submission of sufficient evidence that an unaccredited institution is making strong progress toward obtaining accreditation, grant an institution's request for an extension of time, not to exceed two years, to meet the requirements of this section.

(2) Evidence submitted to the bureau pursuant to paragraph (1) shall include, but is not limited to, an amended accreditation plan adequately identifying why preaccreditation, accreditation candidacy, or accreditation outlined in the original plan submitted to the bureau was not achieved, active steps the institution is taking to comply with this section, and documentation from an accrediting agency demonstrating the institution's likely ability to meet the requirements of this section.

(3) The bureau may establish policies and procedures to comply with the requirements in this subdivision. Establishment of these policies and procedures are exempt from Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5

(commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) An institution issued a provisional approval under this section is required to comply with all other laws and regulations.

(f) The bureau shall adopt emergency regulations for purposes of implementing this section. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code. These emergency regulations shall become law through the regular rulemaking process within one year of the enactment of this section.

SEC. 16. Section 94889 of the Education Code is amended to read:

94889. (a) Except as provided in subdivision (b) of Section 94890 and subdivision (b) of this section, an approval to operate shall be for a term of five years.

(b) The bureau may adopt, by regulation, a process by which an institution with an approval to operate may request, and be approved by the bureau for, an inactive status. To regain an active approval status with the bureau, the institution shall apply for an approval to operate in accordance with this chapter.

SEC. 17. Section 94905 of the Education Code is amended to read:

94905. (a) During the enrollment process, an institution offering educational programs designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state shall exercise reasonable care to determine if the student will not be eligible to obtain licensure in the profession, occupation, trade, or career field at the time of the student's graduation and shall provide all students enrolled in those programs with a written copy of the requirements for licensure established by the state, including any applicable course requirements established by the state. If the minimum course requirements of the institution exceed the minimum requirements for state licensure, the institution shall disclose this information, including a list of those courses that are not required for state licensure. The institution shall not execute an enrollment agreement with a student that is known to be ineligible for licensure, unless the student's stated objective is other than licensure.

(b) During the enrollment process, an institution may discuss internships and student jobs available to the student during the student's attendance at the institution. If the institution discusses internships and student jobs, the institution shall disclose the number of requests for internship and student job placement assistance received by the institution during the immediately preceding calendar year and the number of actual placements during that year.

(c) During the enrollment process, an institution offering educational programs designed to lead to positions in a profession, occupation, trade, or career field where voluntary licensure by a government agency is available, shall provide its students seeking to enroll in those programs with a written copy of the requirements for that voluntary licensure.

SEC. 18. Section 94909 of the Education Code is amended to read:

94909. (a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a prospective student, either in writing or electronically, with a school catalog containing, at a minimum, all of the following:

(1) The name, address, telephone number, and, if applicable, Internet Web site address of the institution.

(2) Except as specified in Article 2 (commencing with Section 94802), a statement that the institution is a private institution and that it is approved to operate by the bureau.

(3) The following statements:

(A) "Any questions a student may have regarding this catalog that have not been satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers)."

(B) "As a prospective student, you are encouraged to review this catalog prior to signing an enrollment agreement. You are also encouraged to review the School Performance Fact Sheet, which must be provided to you prior to signing an enrollment agreement."

(C) "A student or any member of the public may file a complaint about this institution with the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by completing a complaint form, which can be obtained on the bureau's Internet Web site (Internet Web site address)."

(4) The address or addresses where class sessions will be held.

(5) A description of the programs offered and a description of the instruction provided in each of the courses offered by the institution, the requirements for completion of each program, including required courses, any final tests or examinations, any required internships or externships, and the total number of credit hours, clock hours, or other increments required for completion.

(6) If the educational program is designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state, a notice to that effect and a list of the requirements for eligibility for licensure.

(7) Information regarding the faculty and their qualifications.

(8) A detailed description of institutional policies in the following areas:

(A) Admissions policies, including the institution's policies regarding the acceptance of credits earned at other institutions or through challenge examinations and achievement tests, admissions requirements for ability-to-benefit students, and a list describing any transfer or articulation agreements between the institution and any other college or university that provides for the transfer of credits earned in the program of instruction. If the institution has not entered into an articulation or transfer agreement with any other college or university, the institution shall disclose that fact.

(B) Cancellation, withdrawal, and refund policies, including an explanation that the student has the right to cancel the enrollment agreement and obtain a refund of charges paid through attendance at the first class session, or the seventh day after enrollment, whichever is later. The text shall also include a description of the procedures that a student is required to follow to cancel the enrollment agreement or withdraw from the institution and obtain a refund consistent with the requirements of Article 13 (commencing with Section 94919).

(C) Probation and dismissal policies.

(D) Attendance policies.

(E) Leave-of-absence policies.

(9) The schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program.

(10) A statement reporting whether the institution participates in federal and state financial aid programs, and if so, all consumer

information that is required to be disclosed to the student pursuant to the applicable federal and state financial aid programs.

(11) A statement specifying that, if a student obtains a loan to pay for an educational program, the student will have the responsibility to repay the full amount of the loan plus interest, less the amount of any refund, and that, if the student has received federal student financial aid funds, the student is entitled to a refund of the moneys not paid from federal student financial aid program funds.

(12) A statement specifying whether the institution has a pending petition in bankruptcy, is operating as a debtor in possession, has filed a petition within the preceding five years, or has had a petition in bankruptcy filed against it within the preceding five years that resulted in reorganization under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

(13) If the institution provides placement services, a description of the nature and extent of the placement services.

(14) A description of the student's rights and responsibilities with respect to the Student Tuition Recovery Fund. This statement shall specify that it is a state requirement that a student who pays his or her tuition is required to pay a state-imposed assessment for the Student Tuition Recovery Fund. This statement shall also describe the purpose and operation of the Student Tuition Recovery Fund and the requirements for filing a claim against the Student Tuition Recovery Fund.

(15) The following statement:

“NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS EARNED AT OUR INSTITUTION

The transferability of credits you earn at (name of institution) is at the complete discretion of an institution to which you may seek to transfer. Acceptance of the (degree, diploma, or certificate) you earn in (name of educational program) is also at the complete discretion of the institution to which you may seek to transfer. If the (credits or degree, diploma, or certificate) that you earn at this institution are not accepted at the institution to which you seek to transfer, you may be required to repeat some or all of your coursework at that institution. For this reason you should make certain that your

attendance at this institution will meet your educational goals. This may include contacting an institution to which you may seek to transfer after attending (name of institution) to determine if your (credits or degree, diploma, or certificate) will transfer.”

(16) A statement specifying whether the institution, or any of its degree programs, are accredited by an accrediting agency recognized by the United States Department of Education. If the institution is unaccredited and offers an associate, baccalaureate, master’s, or doctoral degree, or is accredited and offers an unaccredited program for an associate, baccalaureate, master’s, or doctoral degree, the statement shall disclose the known limitations of the degree program, including, but not limited to, all of the following:

(A) Whether a graduate of the degree program will be eligible to sit for the applicable licensure exam in California and other states or become certified or registered as required for the applicable profession, occupation, trade, or career field in California.

(B) A degree program that is unaccredited or a degree from an unaccredited institution is not recognized for some employment positions, including, but not limited to, positions with the State of California.

(C) That a student enrolled in an unaccredited institution is not eligible for federal financial aid programs.

(b) If the institution has a general student brochure, the institution shall provide that brochure to the prospective student prior to enrollment. In addition, if the institution has a program-specific student brochure for the program in which the prospective student seeks to enroll, the institution shall provide the program-specific student brochure to the prospective student prior to enrollment.

(c) An institution shall provide the school catalog to any person upon request. In addition, if the institution has student brochures, the institution shall disclose the requested brochures to any interested person upon request.

(d) An accredited institution is not required to provide a School Performance Fact Sheet to a prospective student who is not a California resident, not residing in California at the time of his or

her enrollment, and enrolling in an accredited distance learning degree program offered by the institution, if the institution complies with all federal laws, the applicable laws of the state where the student is located, and other appropriate laws, including, but not limited to, consumer protection and student disclosure requirements.

SEC. 19. Section 94923 of the Education Code is amended to read:

94923. (a) The Student Tuition Recovery Fund relieves or mitigates economic loss suffered by a student while enrolled in an institution not exempt from this article pursuant to Article 4 (commencing with Section 94874), who, at the time of his or her enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered economic loss.

(b) (1) The bureau shall adopt, by regulation, procedures governing the administration and maintenance of the Student Tuition Recovery Fund. The fund shall be used to provide awards to students who suffer economic loss.

(2) The following students, and any other students deemed appropriate, are eligible for payment from the Student Tuition Recovery Fund:

(A) Any student who was enrolled at an institution, at a location of the institution, or in an educational program offered by the institution, at the time that institution, location, or program was closed or discontinued, as applicable, who did not choose to participate in a teach-out plan approved by the bureau or did not complete a chosen teach-out plan approved by the bureau.

(B) Any student who was enrolled at an institution or a location of the institution within the 120-day period before the closure of the institution or location of the institution, or who was enrolled in an educational program within the 120-day period before the program was discontinued.

(C) Any student who was enrolled at an institution or a location of the institution more than 120 days before the closure of the institution or location of the institution, in an educational program offered by the institution as to which the bureau determines there was a significant decline in the quality or value of the program more than 120 days before closure.

(D) Notwithstanding the requirement that a student attend an institution that is not exempt from this article, pursuant to

subdivision (a), a student who was enrolled at a California campus of a Corinthian Colleges, Inc., institution or was a California student enrolled in an online program offered by an out-of-state campus of a Corinthian Colleges, Inc., institution, who also meets all of the other eligibility requirements, if the student was enrolled as of June 20, 2014, or withdrew within 120 days of that date or any greater period determined by the bureau pursuant to this section.

(E) A student to whom an institution has been ordered to pay a refund by the bureau but has failed to do so.

(F) A student to whom an institution has failed to pay or reimburse loan proceeds under a federal student loan program as required by law, or has failed to pay or reimburse proceeds received by the institution in excess of tuition and other costs.

(G) A student who has been awarded restitution, a refund, or other monetary award by an arbitrator or court, based on a violation of this chapter by an institution or representative of an institution, but who has been unable to collect the award from the institution. The bureau shall review the award or judgment and shall ensure the amount to be paid from the fund does not exceed the student's economic loss.

(H) Notwithstanding the definition of economic loss in subdivision (f), for purposes of recovery from the Student Tuition Recovery Fund, a student who has sought legal counsel that resulted in the cancellation of one or more student loans in connection with his or her Student Tuition Recovery Fund claim may seek reimbursement for legal services rendered in an amount up to five hundred dollars (\$500). The bureau shall review the invoice of the legal services rendered and evidence of the cancellation of the student loan or loans, and upon verifying that cancellation, pay the claim directly to the student.

(c) Any student who is required to pay a Student Tuition Recovery Fund assessment who pays tuition equal to or greater than the required assessment shall be deemed to have paid the required assessment, whether or not his or her enrollment agreement specifies collection of the required assessment, and whether or not the institution identifies any money collected from the student as a Student Tuition Recovery Fund assessment.

(d) A student who suffers educational opportunity losses, whose charges are paid by a third-party payer, is eligible for educational credits under the fund.

(e) The bureau may seek repayment to the Student Tuition Recovery Fund from an institution found in violation of the law for which a student claim was paid. An institution shall not be eligible to renew its approval to operate with the bureau if the repayment is not made to the bureau as requested.

(f) For purposes of this section, “economic loss” includes, but is not necessarily limited to, pecuniary loss, which is the sum of the student’s tuition, all other institutional charges as defined in Section 94844, the cost of equipment and materials required for the educational program as defined in Section 94837, interest on any student loan used to pay for such charges, collection costs, penalties, and any license or examination fees the student paid to the institution but is unable to recover. Economic loss shall also include the amount the institution collected and failed to pay to third parties on behalf of the student for license fees or any other purpose. Economic loss does not include Student Tuition Recovery Fund assessments, unless the student is entitled to a full refund under Section 94919 or 94920, room and board, supplies, transportation, application fees, or nonpecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages. Economic loss does not include legal fees, attorney fees, court costs, or arbitration fees. Nothing in this subdivision shall prevent the bureau from further defining economic loss to include loss of educational opportunity.

(g) As a condition of the bureau satisfying a student loan obligation on behalf of a Student Tuition Recovery Fund applicant, the loan servicer or debtholder shall submit a letter stating that the servicer or holder will no longer collect on the debt and shall report the debt as “paid in full” to all credit reporting agencies. The bureau shall retain a copy of that letter and provide the original to the applicant.

(h) Except as provided in subdivision (i), the bureau shall require a student seeking reimbursement from the Student Tuition Recovery Fund to file a written application that shall be received by the bureau no later than four years after the date of the action that made the student eligible for recovery from the Student Tuition Recovery Fund.

(i) Any student whose loan is revived by a loan holder or debt collector after a period of noncollection by the holder or collector may, at any time, file a written application for recovery from the Student Tuition Recovery Fund for the debt that would have been otherwise eligible for recovery under this section.

SEC. 20. Section 94930.5 of the Education Code is amended to read:

94930.5. Subject to Section 94930, an institution shall remit to the bureau for deposit in the Private Postsecondary Education Administration Fund the following fees, in accordance with the following schedule:

(a) The following fees shall be remitted by an institution submitting an application for an approval to operate, if applicable:

(1) Application fee for an approval to operate: five thousand dollars (\$5,000).

(2) Application fee for the approval to operate a new branch of the institution: three thousand dollars (\$3,000).

(3) Application fee for an approval to operate by means of accreditation: seven hundred fifty dollars (\$750).

(b) The following fees shall be remitted by an institution seeking a renewal of its approval to operate, if applicable:

(1) Renewal fee for the main campus of the institution: three thousand five hundred dollars (\$3,500).

(2) Renewal fee for a branch of the institution: three thousand dollars (\$3,000).

(3) Renewal fee for an institution that is approved to operate by means of accreditation: five hundred dollars (\$500).

(c) The following fees shall apply to an institution seeking authorization of a substantive change to its approval to operate, if applicable:

(1) Processing fee for authorization of a substantive change to an approval to operate: five hundred dollars (\$500).

(2) Processing fee in connection with a substantive change to an approval to operate by means of accreditation: two hundred fifty dollars (\$250).

(d) (1) In addition to any fees paid to the bureau pursuant to subdivisions (a) to (c), inclusive, each institution that is approved to operate pursuant to this chapter shall remit both of the following:

(A) An annual fee for each campus designated by the institution as a main campus location in California, in an amount equal to

0.45 percent of the campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000).

(B) An annual campus fee for each branch of the institution in an amount equal to 0.45 percent of the branch's total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000).

(2) The amount of the annual fees pursuant to paragraph (1) shall be proportional to the bureau's cost of regulating institutions under this chapter, but shall not exceed seven hundred fifty thousand dollars (\$750,000) for any institution.

(e) The bureau may assess both of the following fees, if applicable:

(1) An out-of-state institution registration fee in an amount of one thousand five hundred dollars (\$1,500).

(2) A request for inactive status fee in an amount of five hundred dollars (\$500).

(f) It is the intent of the Legislature that the fees established pursuant to this section be evaluated during the 2017–18 state budget process and, if necessary, adjusted by subsequent legislation based upon information provided to the Legislature by the department and the bureau.

(g) Notwithstanding subdivision (d), effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.

SEC. 21. Section 94932 of the Education Code is amended to read:

94932. The bureau shall determine an institution's compliance with the requirements of this chapter. The bureau shall have the power to require reports that institutions shall file with the bureau in addition to the annual report, to send staff to an institution's sites, and to require documents and responses from an institution to monitor compliance. When the bureau has reason to believe that an institution may be out of compliance, it shall conduct an

investigation of the institution. If the bureau determines, after completing a compliance inspection or investigation, that an institution has violated any applicable law or regulation, the bureau shall take appropriate action pursuant to this article.

SEC. 22. Section 94934.5 is added to the Education Code, to read:

94934.5. (a) An institution with an approval to operate that knows that it is being investigated by an oversight entity other than the bureau shall report that investigation, including the nature of that investigation, to the bureau within 30 days of the institution's first knowledge of the investigation. An institution with an approval to operate that is the subject of a judgment by, a regulatory action by, increased oversight or monitoring by, or a settlement with, any oversight entity other than the bureau shall report it to the bureau within 30 days. Failure to comply with this section may subject the institution to an administrative citation pursuant to Section 94936.

(b) For the purposes of this section, "investigation" means any inquiry into possible violations of any applicable laws or accreditation standards.

(c) For the purposes of this section, "oversight entity" means all of the following:

(1) Any federal or state entity that provides financial aid to students of the institution or approves the institution for participation in a financial aid program.

(2) Any state or federal attorney general's office or department of justice.

(3) Any regulator that approves the operation of the institution.

(4) The federal Consumer Financial Protection Bureau or the federal Securities and Exchange Commission.

(5) Any accrediting agency.

(6) Any state professional licensing entity that exercises any programmatic or institutional approval over the institution.

SEC. 23. Section 94936 of the Education Code is amended to read:

94936. (a) As a consequence of an investigation, which may incorporate any materials obtained or produced in connection with a compliance inspection, and upon a finding that the institution has committed a violation of this chapter or that the institution has failed to comply with a notice to comply pursuant to Section 94935,

the bureau shall issue a citation to an institution for violation of this chapter, or regulations adopted pursuant to this chapter.

(b) The citation may contain any of the following:

(1) An order of abatement that may require an institution to demonstrate how future compliance with this chapter or regulations adopted pursuant to this chapter will be accomplished.

(2) Notwithstanding Section 125.9 of the Business and Professions Code, an administrative fine not to exceed five thousand dollars (\$5,000) for each violation. The bureau shall base its assessment of the administrative fine on:

(A) The nature and seriousness of the violation.

(B) The persistence of the violation.

(C) The good faith of the institution.

(D) The history of previous violations.

(E) The purposes of this chapter.

(F) The potential harm to students.

(3) An order to compensate students for harm, including a refund of moneys paid to the institution by or on behalf of the student, as determined by the bureau.

(c) (1) The citation shall be in writing and describe the nature of the violation and the specific provision of law or regulation that is alleged to have been violated.

(2) The citation shall inform the institution of its right to request a hearing in writing within 30 days from service of the citation.

(3) If a hearing is requested, the bureau shall select an informal hearing pursuant to Article 10 (commencing with Section 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code or a formal hearing pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(4) If a hearing is not requested, payment of the administrative fine is due 30 days from the date of service, and shall not constitute an admission of the violation charged.

(5) If a hearing is conducted and payment of an administrative fine is ordered, the administrative fine is due 30 days from when the final order is entered.

(6) The bureau may enforce the administrative fine as if it were a money judgment pursuant to Title 9 (commencing with Section 680.010) of Part 2 of the Code of Civil Procedure.

(d) All administrative fines shall be deposited in the Private Postsecondary Education Administration Fund.

SEC. 24. Section 94937 of the Education Code is amended to read:

94937. (a) As a consequence of an investigation, which may incorporate any materials obtained or produced in connection with a compliance inspection, and upon a finding that an institution has committed a violation, the bureau may place an institution on probation or may suspend or revoke an institution's approval to operate for:

(1) Obtaining an approval to operate by fraud.

(2) A material violation or repeated violations of this chapter or regulations adopted pursuant to this chapter that have resulted in harm to students. For purposes of this paragraph, "material violation" includes, but is not limited to, misrepresentation, fraud in the inducement of a contract, and false or misleading claims or advertising, upon which a student reasonably relied in executing an enrollment agreement and that resulted in harm to the student.

(b) The bureau shall adopt regulations, within one year of the enactment of this chapter, governing probation and suspension of an approval to operate.

(c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business and Professions Code.

(d) An institution shall not be required to pay the cost of investigation to more than one agency.

SEC. 25. Section 94944 of the Education Code is amended to read:

94944. Notwithstanding any other provision of law, the bureau shall cite any person, and that person shall be subject to a fine not to exceed one hundred thousand dollars (\$100,000), for operating an institution without proper approval to operate issued by the bureau pursuant to this chapter.

SEC. 26. Section 94948 of the Education Code is amended to read:

94948. In addition to any other reporting requirements under this chapter, the director shall provide written updates to the Legislature every six months and shall participate in all oversight hearings conducted by the appropriate policy committees and budget subcommittees of the Senate and Assembly. The updates shall describe the bureau's progress in protecting consumers and

enforcing the provisions of this chapter and shall include, but not be limited to, all of the following information received pursuant to Section 325 of the Business and Professions Code:

- (a) The total number of student complaints received.
- (b) The general nature of these complaints.
- (c) The outcome of these student complaints.

SEC. 27. Article 20.6 (commencing with Section 94949.7) is added to Chapter 8 of Part 59 of Division 10 of Title 3 of the Education Code, to read:

Article 20.6. Office of Student Assistance and Relief

94949.7. There is hereby established an Office of Student Assistance and Relief for the purpose of advancing and promoting the rights of prospective students, current students, or past students of private postsecondary educational institutions.

94949.71. (a) The duties of the office shall be vested in a chief, who shall be appointed by the director. The chief, and each staff employee of the office, shall have experience and expertise, commensurate with his or her position, advocating on behalf of students and consumers and shall have knowledge in the state and federal laws governing student protection, student financial aid and loan programs, and the policies and practices of private postsecondary educational institutions.

(b) For purposes of this article, “office” means the Office of Student Assistance and Relief.

94949.72. Duties of the office shall include all of the following:

(a) Conducting outreach and providing information and assistance to students who have been affected by the unlawful activities or closure of an institution regarding their rights under state and federal law, including information about how and where to file a complaint, and to ensure that those students successfully access available state and federal relief programs. No later than July 1, 2017, the office shall prioritize and immediately conduct the activities outlined in Section 94949.73.

(b) Serving as a primary point of contact to address the needs of private postsecondary education students and working in consultation with state and federal agencies, including, but not limited to, the Student Aid Commission, the Office of the Chancellor of the California Community Colleges, the Department

of Veterans Affairs, the federal Consumer Financial Protection Bureau, and the United States Department of Education.

(c) The office may also conduct both of the following activities:

(1) Provide outreach to students and prospective students to provide them with, among other information, information on making informed decisions in selecting postsecondary educational institutions, student rights regarding school performance disclosures, enrollment agreements, and cancellation and refund policies, how to contact the office and the bureau for assistance, student loan rights and assistance, and free nonprofit community based resources.

(2) Conduct data and information research concerning industry trends and enforcement actions from various sources, including, but not limited to, annual reports provided to the bureau pursuant to Section 94934, the United States Department of Education, accrediting agencies, and the California Department of Veterans Affairs to help determine the trends and potential violations of the act. The office shall advise the director and bureau chief of its findings.

(d) The office shall provide, pursuant to Section 9795 of the Government Code, to the Legislature an annual written update regarding the office's progress in protecting students and conducting the duties of the office.

94949.73. (a) The office shall provide individualized assistance to students to relieve or mitigate the economic and educational opportunity loss incurred by those students who attended a Corinthian Colleges, Inc., institution or other eligible institution.

(b) Specific services provided by the office shall include all of the following:

(1) Outreach and education to students regarding the assistance available from the office.

(2) Screening requests for assistance received by the office and providing individualized assistance to help students determine their relief eligibility, identify and obtain necessary documents, complete and submit applications, and provide additional services as necessary.

(c) For purposes of this section, "other eligible institution" means an institution identified by the office whose unlawful activities or closure has resulted in its students being eligible for repayment from the Student Tuition Recovery Fund, debt relief

from the United States Department of Education, or other student financial aid relief.

(d) (1) The office shall quarterly report by posting on the bureau's Internet Web site, through September 1, 2018, on all of the following:

(A) A summary of the outreach and education activities conducted by the office pursuant to the requirements of paragraph (1) of subdivision (b) and the number of students served from Corinthian Colleges, Inc., institutions and every other eligible institution.

(B) A detailed summary of services provided to those students, as follows:

(i) The number of students assisted with submitting Student Tuition Recovery Fund claims to the bureau by the office, and of the claims submitted, the number that are pending, on appeal, or have been approved or denied. For the claims that have been approved, the office shall report the amount of student loans canceled, the total of student loans paid off, the total amount of cash reimbursed to students, and the total amount of educational credit granted.

(ii) The number of students assisted with submitting federal loan forgiveness claims, and of the claims submitted, the number of those claims that are pending, on appeal, or have been approved or denied. For the claims that have been approved, the office shall report the estimated total in student loans canceled and the total amount of funds refunded to students.

(iii) The number of students assisted with private student loan relief, other than through Student Tuition Recovery Fund claims, and a summary of assistance provided and relief outcomes obtained.

(iv) The number of students whom the office helped to obtain income-dependent repayment plans on their federal loans, and of those students, the number of students helped out of default on the federal loans through consolidation or rehabilitation.

(2) The office shall provide, pursuant to Section 9795 of the Government Code, the Legislature, the department, and the bureau a final report summarizing the information submitted pursuant to paragraph (1) by January 1, 2019.

SEC. 28. Section 94950 of the Education Code is amended to read:

94950. This chapter shall remain in effect only until January 1, 2021, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2021, deletes or extends that date.

SEC. 29. The Legislature finds and declares that the reimbursement of legal fees, as provided in subparagraph (H) of paragraph (2) of subdivision (b) of Section 94923 of the Education Code, is intended to encourage and support the efforts of nonprofit legal service organizations and pro bono attorneys to secure student debt cancellation. Complicated student loan cases often require extensive time and resources. The reimbursement provided is not intended to reflect the work associated with successful student debt cancellation.

SEC. 30. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2016

Governor